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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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July 7, 2011

TO: Each Supervisor

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **RANCHO LOS AMIGOS NATIONAL REHABILITATION
CENTER CONTRACTS WITH HEALTH PLANS**

I am pleased to inform you that, pursuant to the delegated authority approved by your Board on October 16, 2007, Rancho Los Amigos National Rehabilitation Center (Rancho) has successfully negotiated and executed eight hospital services contracts with health plans. These contracts have yielded 56 inpatient admissions and 512 outpatient visits, generating revenue of \$2.2 million; of which approximately 90% was generated in the last year. Rancho most recently negotiated an extension to the Veteran's Administration (VA) contract through December 5, 2011, during which time it will work with the VA to enter into a multi-year, full-service contract for the VA's VISN22 region, which includes Southern California and parts of Nevada. Rancho has proudly provided care to over 300 veterans in inpatient and outpatient settings.

With the ongoing conversion of the Medi-Cal Seniors and Persons with Disabilities (SPD) population to managed care health plans and the significant number of Medicare beneficiaries that seek rehabilitation services through managed care plans, contracting with these plans is more critical than ever. Of the eight contracts negotiated, five include Medicare Managed Care and three include Medi-Cal Managed Care in addition to commercial lines of business.

Rancho continues to network with current contracted plans to maximize revenue potential, and is in ongoing negotiations with additional health plans. Outreach and contract negotiations are being conducted by existing staff at Rancho with support from the Office of Managed Care. Rancho is taking an assertive approach in establishing good relationships with these plans and is providing outcome data associated with the patients treated to demonstrate the benefits of sending patients to Rancho for specialized care needs.

If you have any questions or need additional information, please let me know, or you may contact Jorge Orozco, Chief Executive Officer of Rancho, at (562) 401-7022.

MHK:ws

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors